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26 DEC 1973

DDI-520573

MEMORANDUM FOR: Director of Naval Intelligence
Office of the Chief of Naval Operations
Department of the Navy
Washington, D.C. 20350

SUBJECT : Impact of Increased Trade on Soviet
Military Capabilities

REFERENCE : Memorandum from Director of Naval
Intelligence to the Director of
Central Intelligence, "Impact of
Increased Trade on Soviet Military
Capabilities", dated 5 December 1973

1. As you requested, we have reviewed our previous correspondence with you on the impact of US-Soviet trade on Soviet military capabilities. We still believe that the evidence is not at hand to support the definitive study that Admiral Zumwalt would like to see.

2. In our October memorandum we concluded that increased US-Soviet (or Western-Soviet) trade is unlikely to increase the USSR's military power unless export controls are so weakened that they permit important qualitative improvements in weapons performance and production. We believe that the trade expansion of the past five years or so has had a small effect on the level of Soviet military technology. The issue, then, is what the Soviets are acquiring now or are likely to acquire from the US in certain high technology categories. The Intelligence Community is making a substantial effort to answer this question.

3. As you know, the Department of Defense is sponsoring several studies of the implications of a relaxation of US export controls. We have been told that preliminary results of the Battelle study (Technology Implications of Relaxing Controls) and the RAND study (Advanced Technology

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Export) will be available in late January. We are preparing a paper for PFIAB that deals with what the Soviets are obtaining or likely to obtain from US firms under the cover of detente. In addition, our current research program includes separate studies of the Soviet position in nuclear power, semiconductors, satellite communications, telecommunications, computers, and electronic instruments. If the findings of these studies warrant a Community estimate, one could be undertaken perhaps in February or March.

/s/ Bill

W. E. Colby
Director

CONCUR:

Deputy Director for Intelligence

81 DEC 1973

Date

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